

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2015/2016

PAT0065 – FINANCIAL ACCOUNTING
(Foundation in Management)

08 OCTOBER 2015
2.30 p.m - 4.30 p.m
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **SIX** pages.
2. Answer **ALL** questions.
3. Write your answers in the Answer Booklet.

STRUCTURED QUESTIONS [100 MARKS]

Instructions: Answer **ALL** questions in this section. Write your answers in the Answer Booklet.

Question 1

The following information relating to the year ended 30 April 2015 has been extracted from the books of Y. Harsha, a motor vehicle component manufacturer.

	RM
Sales	18,000
Inventory of direct materials (1 May 2014)	1,000
Inventory of direct materials (30 April 2015)	2,000
Inventory of finished goods (1 May 2014)	12,000
Inventory of finished goods (30 April 2015)	15,000
Inventory of Work in Progress (1 May 2014)	2,500
Inventory of Work in Progress (30 April 2015)	3,000
Purchases of direct materials	35,000
Water and electricity	68,000
Direct wages	73,000
Production supervisors' salary	64,000
Sales staff salaries	23,000
Accounting staff salaries	89,000
Royalties for products produced under license	100,000
Depreciation on plant	25,000
Carriage inwards and insurance on raw materials	4,800
Depreciation on delivery vans	12,000
Insurance	64,500

Insurance was to be apportioned between the factory and the office in the ratio 3:2. It was estimated that 10% of water and electricity was consumed by the office and the rest by the factory.

Required

Prepare a manufacturing account for the year ended 30 April 2015.

(Total 15 marks)

Continued...

Question 2

Yoreha Country Club had bank balance of RM6,000 on 1 January 2014. Following are receipts and payments information during the year ended 31 December 2014.

Receipts

Subscriptions at RM100 per annum were received from 200 members. 3 members paid for the following year's subscription. Locker fees received RM180. Total donation collected from members RM650. Grant from ministry of sports RM20,000. The club had sold its fixtures and fittings for RM450. Rental received during the year was RM103,200.

Payments

The club paid RM1,500 for audit service. Scholarships provided to excellent students cost RM30,000. The total expenses incurred for the seminar held in September 2014 includes conference room rental RM3,500, brochures RM1,200 and speakers honorarium RM3,000. The club pays premium insurance of RM2,424.

Required

Prepare the receipts and payment account for the year ended 31 December 2014.

(Total 15 marks)

Continued...

Question 3

Phineas and Ferb who share profits and losses in the proportion of 5:3 respectively agreed to dissolve their partnership and retire on 30 June 2015, after 30 years of business. The statement of financial position on that date is presented below.

Phineas and Ferb
Statement of Financial Position as at 30 June 2015

	<u>RM</u>	<u>RM</u>
<u>Non-current assets</u>		
Building	420,000	
Motor vehicle	90,000	
Equipment	<u>88,000</u>	598,000
<u>Current Assets</u>		
Inventory	30,000	
Accounts receivable	25,000	
Cash at bank	<u>7,000</u>	62,000
		<u>660,000</u>
<u>Current liability</u>		
Accounts payable		40,000
<u>Capital accounts</u>		
Phineas	300,000	
Ferb	180,000	
<u>Current accounts</u>		
Phineas	80,000	
Ferb	<u>60,000</u>	620,000
		<u>660,000</u>

Note:

- i) The assets were sold for the following amount:

Building	RM550,000
Equipment	RM65,000
Motor vehicle	RM50,000
Inventory	RM28,000
Accounts Receivable	<u>RM20,000</u>
	<u>RM713,000</u>
- ii) Dissolution expense amounted to RM3,000 were paid.
- iii) On the 6th of July, the cash from proceeds were used to settle the accounts payable in full for RM38,000 and partnership accounts were closed.

Continued...

Required

Please prepare:

- a) Realisation account (9 marks)
- b) Partners' capital accounts (6 marks)
- c) Bank account (5 marks)

(Total 20 marks)**Question 4**

The balances extracted from the books of Heaveas Ltd at 31 December 2014 was as follows:

	RM
Ordinary Shares Capital	100,000
8% Preference Shares Capital	50,000
Interim dividend for ordinary shares	12,000
Interim dividend for preference shares	1,000
General Reserves (31 December 2013)	55,000
10% Loan Notes	60,000
Profit and loss account (31 December 2013)	34,280
Machinery at cost	55,000
Accumulated Provision for depreciation on machinery (31 December 2013)	15,800
Gross Profit (31 December 2014)	118,565
General expenses	34,000
Loan Notes interest	4,000
Wages and salaries	54,207
Rent expenses	4,300
Allowance for doubtful debts (31 December 2013)	861
Trade Receivables	21,784
Commission received	55,000
Bank	23,101

You are given the following additional information:

- i) Wages and salaries accrued at 31 December 2014 amounted to RM581.
- ii) Rent paid in advance at 31 December 2014 amounted to RM300.
- iii) General expenses accrued at 31 December 2014 amounted to RM465.
- iv) The allowance for doubtful debts is to be increased to RM938.
- v) A depreciation charge is to be made on machinery at the rate of 10% per annum on cost.
- vi) Corporate tax of RM3,500 will be payable on the profit of this year.

Continued...

- vii) The directors decided to:
Transfer RM 15,000 to General Reserves;
Provide for dividend on Preference Shares;
Propose a dividend of 10% on the Ordinary Shares;

Required

Prepare Income Statement and Statement of Changes in Equity for the financial year ended 31 December 2014.

(Total 20 marks)

Question 5

The following is the information about Blue Sky Limited for the year 2014 and 2013

	2014 (RM)	2013 (RM)
Cash	175,000	50,000
Account receivable	410,000	460,000
Inventory	310,000	350,000
Prepaid expenses	26,000	16,000
Account payable	150,000	120,000

Additional information about 2014 transactions and events are as follows:

- i) Net income was RM230,000
- ii) Depreciation expense was RM75,000
- iii) Sold equipment for RM26,000 (the cost of the equipment was RM70,000 and its accumulated depreciation was RM30,000)
- iv) Purchased land for RM250,000
- v) Declared and paid cash dividend of RM80,000

Required

Prepare the Statement of Cash Flow for Blue Sky Limited for the year ended 31 December 2014.

(Total 15 marks)

Continued...

Question 6

Selected comparative statement data for Warkentine Products Company are presented below. All statement of financial position data are as at 31 December.

	2014 (RM)	2013(RM)
Net sales	800,000	720,000
Cost of goods sold	480,000	440,000
Interest expense	7,000	5,000
Net income	56,000	42,000
Accounts receivable	120,000	100,000
Inventory	85,000	75,000
Total assets	600,000	500,000
Total ordinary shareholders' fund	450,000	310,000

Required

Compute the following ratios for 2014:

- a) Inventory turnover (3 marks)
- b) Profit margin (3 marks)
- c) Accounts receivables to sales ratio (in days) (3 marks)
- d) Return on assets (3 marks)
- e) Return on ordinary shareholders' fund (3 marks)

(Total 15 marks)

End of Paper